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Status of Environmental Growth Fund

Budget and Finance Committee
October 29, 2008



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City of San Diego

OVERVIEW

- Use of Environmental Growth Fund has shifted in recent years
- Primary purpose to fund debt service payments has been phased out
- Need for long-term strategy has been requested



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PURPOSE OF EGF

- In 1972, City Charter section 103.1a was approved by voters which called for creation of EGF using 25% of franchises collected for gas, electricity and steam
- Two-thirds of these funds were to be used for debt service on bonds to be issued for acquisition of open space
- Municipal Code section 63.30 outlines further requirements, including priorities and a mechanism to temporarily suspend compliance in the event of insufficient revenues



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OPEN SPACE DISTRICT

- The City formed San Diego Open Space Park Facilities District No. 1 in 1978
- Purpose was to acquire open space to implement the Open Space Element of General Plan
- City pledged use of the two-thirds portion of the EGF as security for the bonds
- Debt payments reduced each year; final payment January 1, 2009



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RECENT HISTORY OF EGF

- Debt payments have declined from \$9.8 million in FY 2005 to \$715,000 in FY 2006
- New uses, including reimbursement to the General Fund for park maintenance, were identified, totaling \$6.6 million in FY 2006



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RECENT HISTORY (cont.)

- In our review of the FY 2007 budget, the IBA recommended that the accumulated balance in EGF should be utilized for eligible projects
- Park and Recreation identified eight projects totaling \$2.5 million which were then added to the CIP budget



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RECENT HISTORY (cont.)

SIGNIFICANT EGF EXPENDITURES (in millions)						
Program	2004	2005	2006	2007	2008	2009
Open Space Capital Projects	\$0.28		\$0.14			\$0.20
Park and Rec Capital Projects				\$0.73		\$2.10
Regional/Open Space Maint.	\$1.97	\$2.18	\$2.13	\$1.74	\$1.68	\$1.99
Reimburse Park Maint.		\$1.50	\$1.28	\$1.70	\$1.91	\$1.91
Reimburse Open Space Maint.					\$0.82	\$3.70
Turf & Field Rehab Reimburse	\$0.33	\$0.33	\$0.33	\$0.11	\$0.05	\$0.33
District No. 1 Bond Payment	\$7.18	\$9.81	\$0.72	\$0.72	\$0.16	\$0.43
Park Maintenance Reimburse			\$6.60	\$7.10	\$8.89	\$9.49
Other (MADs, Los Penasquitos)	\$0.43	\$0.29	\$0.55	\$0.30	\$0.31	\$0.26
TOTAL	\$10.19	\$14.11	\$11.75	\$12.40	\$13.82	\$20.41



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FY 2009 BUDGET

- The FY 2009 Proposed Budget reflected additional accumulated fund balances in the EGF
- The Mayor and IBA each recommended the use of these funds as part of the balancing of the FY 2009 budget
- After budget adoption, reconciliation of audited figures was undertaken



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FY 2009 BUDGET (cont.)

- During this process it was determined that revised information overstated available resources
- EGF may be overcommitted by \$880,000 to \$1 million in FY 2009; remedies will be part of First Quarter Monitoring Report
- Solutions could impact General Fund; review of capital projects should also be undertaken

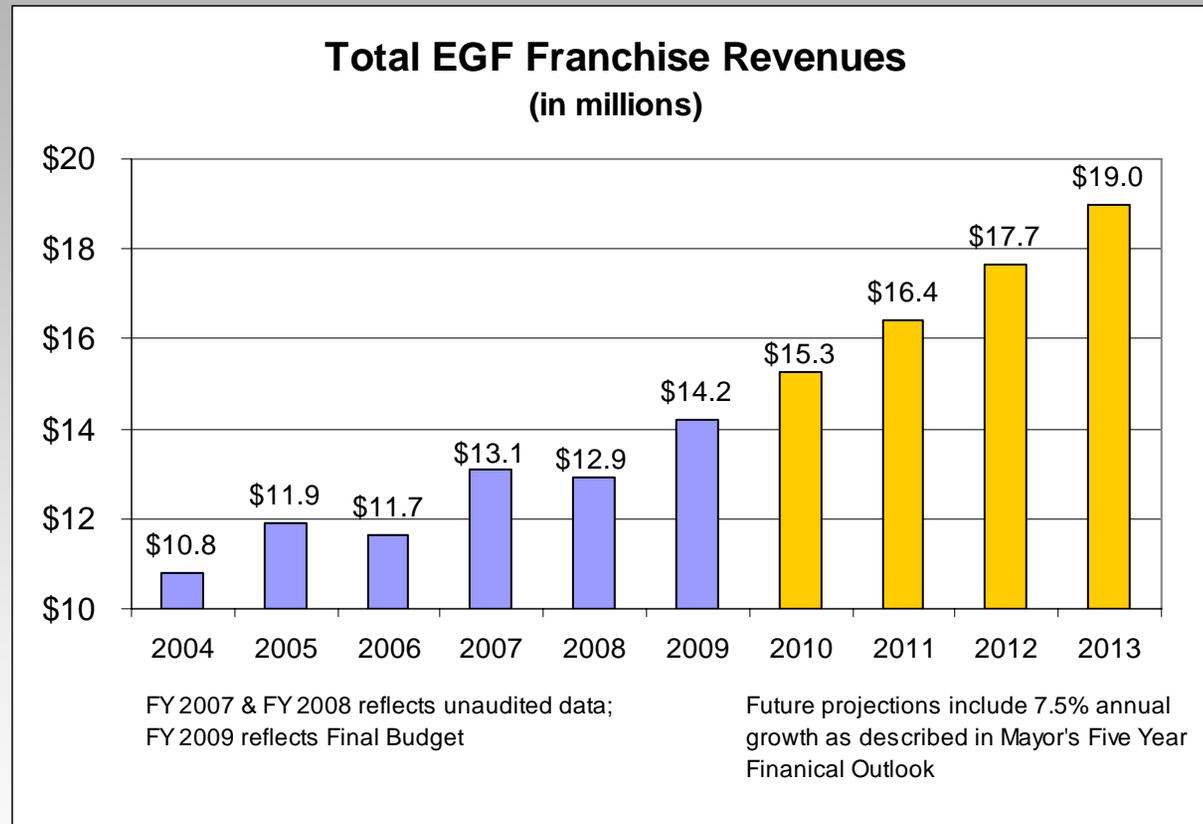


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FUTURE OUTLOOK

- Five Year Outlook included annual growth of 7.5%
- Actual growth averaged 4.9% over last four years



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CONCLUSION

- Primary use of EGF has shifted to reimbursement of eligible General Fund park and recreation programs
- Changes to this approach, without new or other resources, would create additional burden for General Fund
- Consideration should be given to amend Municipal Code and/or Charter



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